

Message Text

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DRAFTED BY TREAS: EDWARD C.BITTNER
APPROVED BY EB/IFD/ODF:JABWINDER
TREAS:ODNF:F.MARESCA
TREAS:ODNF:R.PELIKAN
TREAS:ODNF:A.NACHMANOFF
TREAS:OIDB:A.DRESS
STATE:ARA:STEPHEN ROGERS
STATE:EB:FRANK THOMAS

-----210657Z 120156 /20

P 202037Z MAY 77

FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS PRIORITY

AMEMBASSY BELGRADE PRIORITY

AMEMBASSY BERN PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY HELSINKI PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY MADRID PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY TEL AVIV PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY TOKYO PRIORITY

AMEMBASSY VIENNA PRIORITY

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E.O. 11652: N/A

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TAGS:

SUBJECT: ANNUAL MEETING OF THE INTER-AMERICAN
DEVELOPMENT BANK (IDB)

1. THE ANNUAL MEETING OF THE IDB IS NOW SCHEDULED TO
TAKE PLACE IN GUATEMALA, MAY 28-JUNE 1. THE FIRST PLENARY

SESSION WILL BEGIN MONDAY, MAY 30.

2. THE U.S. DELEGATION WILL BE LED BY SECRETARY BLUMENTHAL, GOVERNOR, IDB. ALTERNATE GOVERNORS WILL BE ASSISTANT SECRETARY OF TREASURY, C. FRED BERGSTEN; DEPUTY ASSISTANT SECRETARY OF TREASURY, ARNOLD NACHMANOFF; DEPUTY ASSISTANT SECRETARY OF STATE DESIGNATE, RICHARD ARELLANO.

3. OTHER MEMBERS OF THE DELEGATION INCLUDE:

CONGRESSIONAL ADVISORS, CONGRESSMEN AND STAFF.
(APPROXIMATELY TEN; NAMES WILL BE TRANSMITTED
WHEN THEY BECOME DEFINITE.)

TREASURY ADVISORS: ALICE DRESS, IDB DESK OFFICER;
EVA MEIGHER, GENERAL COUNSEL'S OFFICE;
EDWARD BITTNER, LATIN AMERICAN AFFAIRS, ODNF;
CURT HESSLER, SPECIAL ASSISTANT TO SECRETARY

BLUMENTHAL; KAREN ANDERSON, SPECIAL ASSISTANT
TO ASSISTANT SECRETARY BERGSTEN; AND CAROL STITT,
STAFF ASSISTANT TO ASSISTANT SECRETARY BERGSTEN.

STATE ADVISOR: FRANK THOMAS, EB/IFD/OFD

AID ADVISOR: PHOEBE LANSDALE, LA/MRSD

U.S. EXECUTIVE DIRECTOR'S OFFICE: RALPH DUNGAN,
EXECUTIVE DIRECTOR, JAY FINKEL, ALTERNATE EXECUTIVE
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DIRECTOR; NELSON COAR, TECHNICAL ASSISTANT.

SUPPORT STAFF: SECRET SERVICE (SEVEN);
SECRETARY (ONE); ADMINISTRATIVE OFFICER (ONE).

4. SINCE SECRETARY BLUMENTHAL AND ASSISTANT SECRETARY
BERGSTEN ARE PLANNING TO ARRIVE IN GUATEMALA SUNDAY
AFTERNOON, MAY 29, THEIR SCHEDULED BILATERAL MEETINGS
WILL BE LIMITED TO TUESDAY MORNING, MAY 31. IT IS
SUGGESTED THAT THE FOLLOWING LIST OF BILATERALS TAKE
PLACE AT THE U.S. EMBASSY: (RESIDENCE)

SECRETARY BLUMENTHAL

GUATEMALA - 9:00 A.M. (PRIMARILY COURTESY)
MEXICO - 9:15 A.M.
VENEZUELA - 10:00 A.M.
ARGENTINA - 10:45 A.M.

WE UNDERSTAND THAT BRAZIL NO LONGER DESIRES A BILATERAL SINCE MINISTER OF FINANCE SIMONSEN WILL NOT ATTEND IDB MEETING.

ASSISTANT SECRETARY BERGSTEN

GUATEMALA - 9:00 A.M.

ECUADOR - 9:15 A.M.

CHILE - 10:00 A.M.

5. ALTHOUGH PANAMA HAS REQUESTED A BILATERAL, WE QUESTION WHETHER IT IS STILL DESIRED SINCE MINISTER OF PLANNING BARLETTA MET RECENTLY WITH UNDER SECRETARY SOLOMON AND DEPUTY ASSISTANT SECRETARY NACHMANOFF.

6. SINCE DEPUTY ASSISTANT SECRETARY NACHMANOFF WILL ARRIVE FRIDAY, MAY 27, IT IS SUGGESTED THAT THE FOLLOW-LIMITED OFFICIAL USE

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ING LIST OF BILATERALS WITH HIM TAKE PLACE SUNDAY MORNING, MAY 29. (AT HIS HOTEL)

CANADA - 9:00 A.M.

UNITED KINGDOM - 9:45 A.M.

JAPAN - 10:30 A.M.

ISRAEL - 11:45 A.M.

7. POSTS LISTED ABOVE ARE REQUESTED TO CONFIRM HOST GOVERNMENT'S CONFIRMATION OF TIMING FOR BILATERALS AS WELL AS FINAL LIST OF ISSUES THEY WISH TO DISCUSS.

8. WE ARE CONCERNED ABOUT RISING ADMINISTRATIVE COSTS IN IDB. THIS IS MATTER WHICH WILL AFFECT OUR ABILITY TO OBTAIN APPROPRIATIONS FOR BANK. IN THIS REGARD, ONE ISSUE EXPECTED TO ARISE AT ANNUAL MEETING IS PROPOSAL TO INCREASE SALARIES OF THE EXECUTIVE DIRECTORS. WE OPPOSE SALARY INCREASE AND REQUEST THAT YOU CONVEY USG POSITION ON THIS ISSUE TO HOST GOVERNMENT AND ELICIT SUPPORT FROM GOVERNOR FOR DEFEATING SALARY INCREASE.

9. THE PRESENT SALARY AND EXPENSE ALLOWANCES OF AN EXECUTIVE DIRECTOR AT THE IDB IS \$43,500, AND FOR AN ALTERNATE EXECUTIVE DIRECTOR IS \$34,200. IN ADDITION TO SALARY BOTH DIRECTORS AND ALTERNATES ARE ELIGIBLE TO RECEIVE SPOUSE AND DEPENDENCY ALLOWANCES DEPENDING ON THEIR MARITAL STATUS, WHICH WOULD AMOUNT TO \$1,475 FOR A MARRIED INDIVIDUAL WITH TWO DEPENDENTS. THESE SALARIES ARE NET-OF-TAX, AND THEY ARE EQUIVALENT TO ABOUT \$77,000 AND \$57,000 RESPECTIVELY ON A TAXABLE BASIS, UNDER THE U.S. FEDERAL AND STATE INCOME TAX SYSTEM. THESE GENEROUS

SALARIES ARE FAR LARGER THAN THOSE RECEIVED BY ALMOST ALL GOVERNORS OF THE IDB TO WHOM THE EXECUTIVE DIRECTORS REPORT.

10. IN VIEW OF THE EXISTING LEVEL OF SALARIES, AND THE LIMITED OFFICIAL USE

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FACT THAT THE LATEST INCREASE IN EXECUTIVE DIRECTORS' SALARIES OCCURRED AS RECENTLY AS NOVEMBER 1976, WE BELIEVE A FURTHER INCREASE AT THIS TIME IS UNDESIRABLE. IT IS WRONG, WE BELIEVE, FOR REPRESENTATIVES OF MEMBER GOVERNMENTS DEDICATED TO SERVING THE POOR OF LATIN AMERICA TO BE EXCESSIVELY REMUNERATED OVER THEIR EQUALS IN THE MEMBER GOVERNMENTS. WE INTEND TO TAKE A SIMILAR POSITION IN ALL THE IFIS. CHRISTOPHER

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